



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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August 20, 2008

TO: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe 
Acting Auditor-Controller

SUBJECT: **FISCAL MONITORING OF DEPARTMENT OF MENTAL HEALTH
CONTRACT SERVICE PROVIDERS FOR FISCAL YEARS 2004-05 AND
2005-06**

The County Department of Mental Health (DMH) provides mental health services through DMH-operated clinics and through contracts with other County departments and private agencies (contract service providers). The services are funded by the County General Fund and the State and federal governments. The State and federal funds must be used in accordance with their requirements.

At DMH's request, we contracted with a Certified Public Accounting firm, Moss, Levy and Hartzheim, CPAs, (MLH) to conduct fiscal monitoring of 66 service providers for fiscal year (FY) 2004-05 and four service providers for FY 2005-06. The monitoring was intended to ensure the providers complied with the program requirements. MLH also reviewed the providers' fiscal operations to ensure proper controls were in place over funds received from DMH.

Summary of Findings

MLH completed its monitoring reviews and issued separate reports for each of the 70 service providers. As indicated on the Attachment, MLH identified approximately \$1.369 million in overbillings by contract service providers and \$166,186 in overbillings by DMH-operated clinics. Three of the contract service providers account for approximately \$1 million of the overbillings:

- Stirling Academy, Inc. charged \$723,779 in unallowable costs to their contract; including lawsuit settlement costs, car lease payments, and a retroactive salary adjustment and bonus to the Executive Director.
- Florence Crittenton Services of Orange County, Inc. charged \$157,173 in undocumented costs to their contract.
- Pacific Asian Counseling Services charged \$131,399 in unallowable costs, including bad debts, to their contract.

MLH also reviewed the service providers' client documentation and noted the following issues for most of the providers:

- Units of service billed were not always documented in the clients' progress notes.
- Required progress notes, daily service logs, and/or Community Outreach Services data entry forms were not always available for review.
- Client folders were not always available for review.
- Payor Financial Information forms, used to determine the client's ability to pay, were not always available, updated in a timely manner and/or properly completed (e.g., signed by client and interviewer).

The missing/incomplete documentation and other findings resulted in overbillings. The overbillings for each provider are included in the Questioned Costs listed on the Attachment.

MLH discussed all of the reports with the service providers and DMH. DMH has collected \$135,786 in overpayments and is in the process of collecting the remaining balance. DMH is also requiring the service providers to submit corrective action plans to address the findings reported by MLH. We recommend that DMH provide your Board with periodic updates on their collection of the overpayments and follow-up to ensure service providers implement their corrective action plans.

Due to the large number of reviews, copies of the individual reports are not enclosed. Please call me if you have any questions, or your staff may contact Jim Schneiderman at (626) 293-1101 for copies of the reports.

WLW:MMO:JLS

Attachment

c: William T Fujioka, Chief Executive Officer
Marvin J. Southard, D.S.W., Director, Department of Mental Health
Public Information Office
Audit Committee

**Fiscal Monitoring of Mental Health Service Providers
Fiscal Years 2004-05 and 2005-06**

Number	Service Provider	Total Questioned Costs
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CONTRACT SERVICE PROVIDERS FY 2004-05

1	1736 Family Crisis Center	\$284
2	AIDS Project Los Angeles, Inc.	\$12,217
3	AMADA Enterprises, Inc. (dba View Heights Convalescent Hospital)	\$12,327
4	Behavioral Health Services, Inc.	\$8,695
5	Braswell Rehabilitation Institute for Development of Growth & Educational Services, Inc.	\$6,736
6	California Institute of Health and Social Services, Inc. (dba Alafia Mental Health Institute)	\$5,922
7	Center for Integrated Family and Health Services (dba The Family Center)	\$1,664
8	Child and Family Center	\$4,445
9	City of Gardena	\$771
10	Clontarf Manor, Inc.	\$6,704
11	Community Care Center, Inc.	\$0
12	Counseling4Kids	\$2,963
13	Department of Health Services - LAC+USC Medical Center	\$79,344
14	FH and HF Torrance I, LLC. (c/o Health Quality Management Group)	\$11,459
15	Filipino - American Service Group, Inc.	\$7,034
16	Florence Crittenton Services of Orange County, Inc. (dba Crittenton Services for Children and Families)	\$157,173
17	For the Child, Inc.	\$101
18	Gateways Hospital and Mental Health Center	\$2,536
19	Hamburger Home, Inc. (dba Aviva Family and Children Services dba Aviva Center)	\$4,119
20	Hillview Mental Health Center, Inc.	\$3,558
21	Institute for Multicultural Counseling & Education Services, Inc. (IMCES)	\$1,298
22	LAMP, Inc.	\$59,973
23	Landmark Medical Services, Inc. (dba Landmark Medical Center)	\$0
24	Leroy Haynes Center for Children and Family Services, Inc.	\$3,727
25	Maryvale	\$644
26	McKinley Children's Center, Inc.	\$11,429
27	New Directions, Inc.	\$1,965
28	Ocean Park Community Center	\$3,553
29	Pacific Asian Counseling Services (formerly Wrap Family Services)	\$131,391
30	Pacific Lodge Youth Services	\$1,411
31	Para Los Niños	\$14,898
32	Pediatric and Family Medical Center (dba Eisner Pediatric and Family Medical Center)	\$387
33	Portals House	\$13,972
34	San Gabriel Valley Convalescent Hospital	\$1,200
35	Social Model Recovery Systems, Inc.	\$10,029
36	Special Service For Groups	\$9,469
37	St. Joseph Center	\$808
38	Star View Adolescent Center, Inc.	\$6,507
39	SunBridge Braswell Enterprises, Inc. (dba Olive Vista, Laurel Park & Sierra Vista)	\$0

**Fiscal Monitoring of Mental Health Service Providers
Fiscal Years 2004-05 and 2005-06**

Number	Service Provider	Total Questioned Costs
40	SunBridge Harbor View Rehabilitation Center, Inc.	\$145
41	SunBridge Meadowbrook Rehabilitation Center, Inc. (dba Meadowbrook Manor)	\$0
42	Tarzana Treatment Center, Inc.	\$11,484
43	Telecare Corporation	\$1,745
44	The Children's Center of the Antelope Valley	\$9,261
45	The Help Group Child & Family Center	\$3,150
46	The Los Angeles Free Clinic	\$3,122

CONTRACT SERVICE PROVIDERS FY 2005-06

47	Amanecer Community Counseling Services, Inc. (formerly Community Counseling Service of Los Angeles, Inc.)	\$14,200
48	Kedren Community Health Center, Inc.	\$992
49	PROTOTYPES, Center for Innovation in Health, Mental Health and Social Services	\$336
50	Stirling Academy, Inc. (dba Stirling Behavioral Health Institute)	\$723,779
Total Questioned Costs for Contract Service Providers		\$1,368,923

DMH - OPERATED SERVICE PROVIDERS FY 2004-05

51	AB3632 Assessment Unit	\$1,137
52	A F Hawkins Urgent Community Care	\$18,792
53	Antelope Valley Mental Health Center	\$554
54	Arcadia Mental Health Center	\$2,716
55	Barry Nidorf Juvenile Hall	\$14,240
56	Central Juvenile Hall	\$3,231
57	Challenger MH Unit	\$20,978
58	DMH/DPSS Co-Located Program	\$542
59	Dorothy Kirby Center	\$19,312
60	Edmund D. Edelman Westside Mental Health Center	\$23,409
61	Hollywood Mental Health Center	\$4,968
62	Juvenile Court Mental Health Services	\$13,073
63	LAC-DMH Older Adult Programs	\$8,922
64	Long Beach Child & Adolescent Program	\$8,726
65	Los Padrinos Juvenile Hall	\$2,149
66	Northeast Mental Health Center	\$1,565
67	San Antonio Mental Health Center	\$1,445
68	San Pedro Mental Health Center	\$533
69	South Bay Mental Health Center	\$8,566
70	West Central Mental Health Center	\$11,329
Total Questioned Costs for DMH - Operated Service Providers		\$166,186

Total Questioned Costs for All Service Providers	\$1,535,109
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